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SECRETARY OF THE TREASURY WILLIAM E. SIMONS' RESPONSE AT HOUSE BANKING AND CURRENCY SUBCOMMITTEE HEARING TODAY WHEN ASKED ABOUT U. S. POLICY WITH RESPECT TO DOMESTIC GOLD OWNERSHIP

Today U. S. producers of gold are free to sell it at world market prices. U. S. Citizens are free to buy gold for industrial, artistic, and numismatic collection purposes. For this last purpose, coin collecting, it is now possible to buy gold in the United States in coin form at less than 10% above its bullion value in the world market.

At the appropriate time I believe that the existing restrictions on U. S. citizens' investing in gold in bullion form should be removed. Restrictions on the freedom of U. S. citizens are repugnant to me and should be retained only with clear justification. The principal original justification for the restrictions in the thirties obviously is not our current problem. And permission for U. S. citizens to invest in gold could actually have an appreciable anti-inflationary impact in the U. S. if the change were introduced at a time when it did not contribute to market uncertainty and if the U. S. sold gold from government-held stocks to meet some or all of the new investment demand.

I do not believe, on the other hand, that it would be wise for the Congress to legislate removal of the existing gold restrictions on a certain date. Such legislated inflexibility could hamper the U. S. representatives in negotiations which are underway right now. Such legislation could force removal of the restrictions at a time when the action might happen to exacerbate a disturbed situation either in U. S. markets or in international markets in which we have a vital interest.

The President already has the authority to remove the gold restrictions when the step can be taken without serious disturbance. My own desire is that I will be able to recommend that he do so -- and that he will -- before the end of this year unless there are new damaging developments in economic affairs that indicate that the step should not be taken. I urge you to have sufficient faith to leave to us the choice of a date when the change can be made without potential damage to our economy.

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